

HOUSING NOW

Canada

CANADA MORTGAGE AND HOUSING CORPORATION

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Canadian Market Overview

New Home Market

Housing starts declined in September

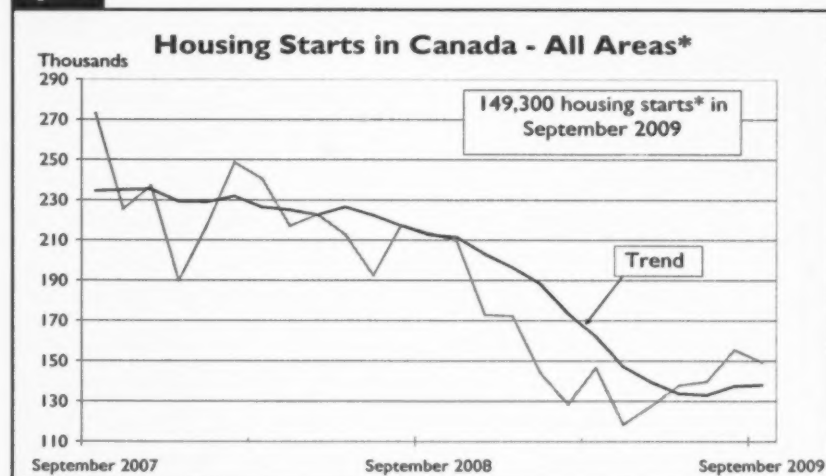
The seasonally adjusted annual rate¹ of housing starts was 149,300 units in September, down 3.9 per cent from 155,400 units in August.

The decline in September housing starts was driven by moderation in the number of multiple housing starts. While multiple starts declined by 19.6 per cent, single starts increased by 14.1 per cent. An improvement in single starts is consistent with CMHC's expectation of stronger housing

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Figure 1



Source: CMHC

¹Seasonally adjusted at annual rates

Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release.

²All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

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starts in the second half of 2009.

Urban single starts were up in September

The seasonally adjusted annual rate of urban starts decreased by 4.4 per cent to 133,000 units in September compared to 139,100 units in August. Urban multiple starts fell 20.3 per cent to 63,800 units, while urban single starts moved higher by 17.3 per cent to 69,200 units in September.

Urban starts up in Ontario and down in three regions

September's seasonally adjusted annual rate of urban starts grew in Ontario by 11.5 per cent. Urban starts diminished by 18.1 per cent to 14,000 units in British Columbia, by 17.4 per cent to 36,100 units in Quebec, and by 4.7 per cent to 8,100 units in Atlantic Canada. Urban starts remained unchanged at 26,300 units in the Prairies.

Rural starts were estimated at a seasonally adjusted annual rate of 16,300 units in September.

Year-to-date actual starts down compared to 2008

Year-to-date actual starts in rural and urban areas combined decreased by an estimated 37.5 per cent compared to relatively

high levels during the first nine months of 2008, while starts in urban areas only were down 38.7 per cent over the period. Actual urban single starts for January to September 2009 were down 30.4 per cent compared to a year earlier while urban multiple starts were down 44.1 per cent over the same period.

New house prices decrease in August

The New Housing Price Index (NHPI) fell by 3.1 per cent year-over-year in August. The largest declines in prices were in Western Canada. Annual declines were recorded in Edmonton (-11.4 per cent), Victoria (-10.0 per cent), Vancouver (-7.8 per cent), Saskatoon (-7.6 per cent) and Calgary (-6.3 per cent). Modest year-over-year declines were also observed in Toronto and Oshawa (-1.0 per cent), Hamilton (-1.6 per cent) and St. Catharines-Niagara (-1.7 per cent). Prices were up year-over-year in the remaining centres. The strongest increase in the NHPI was in St. John's (7.5 per cent), where the city led in terms of year-over-year advances for the 10th consecutive month.

Existing Home Market

MLS[®] sales increased in September

Seasonally adjusted MLS[®] (Multiple Listing Service[®]) sales increased by 1.5 per cent to 42,958 units in September, compared to 42,317 units in August.

For the first nine months of the year, actual MLS[®] sales were down 1.6 per cent to 358,884 units compared to the same period in 2008.

MLS[®] new listings decreased in September

The seasonally adjusted MLS[®] new listings, in September decreased by 2.8 per cent, to 64,803 units, compared to 66,640 units in August.

Actual new listings for the first nine months of 2009 were down 16.0 per cent compared to the same period in 2008.

Sales-to-new-listings ratio up in September

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio². New listings are a gauge of the supply of existing homes, while MLS[®] sales are a proxy for demand.

¹Multiple Listing Service (MLS[®]) is a registered certification mark owned by the Canadian Real Estate Association

²Taking the Canadian MLS[®] market as a whole, a sales-to-new-listings ratio below 40 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a buyers' market. A sales-to-new-listings ratio above 55 per cent is associated with a sellers' market. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be balanced.

Canada's existing home market dipped briefly into buyers' market territory in late 2008 and in January 2009. In the past eight months, however, an increasing sales-to-new-listings ratio and stronger price growth have indicated another shift in existing home market conditions. The Canada-wide seasonally adjusted sales-to-new-listings ratio reached 66.3 per cent in September, indicating sellers' market conditions.

The September seasonally adjusted average MLS® price in Canada increased by 1.5 per cent to \$333,819 compared to \$328,819 in August. The unadjusted MLS® average price was up 13.6 per cent in

September compared to a year ago. The year-over-year change in the actual units sold was positive in Vancouver (124.2 per cent), Victoria (49.5 per cent), Toronto (27.9 per cent) and Calgary (12.4 per cent).

Economic conditions

According to Statistics Canada, employment increased for the second consecutive month, in September rising by 31,000 jobs most of which were full-time. The unemployment rate dropped by 0.3 of a percentage point to 8.4 per cent the first incidence of monthly decline since July 2008. Full-time increases in September amounting to 92,000 were partly offset by part-time losses

of 61,000. Since the October 2008 peak in employment, full-time employment fell by 395,000 jobs or 2.8 per cent.

The provinces with the largest increases in employment, in September, were British Columbia, Ontario and Alberta. British Columbia had the largest increase in employment, up 14,400. Ontario employment was up 12,600 and Alberta's employment was up 3,000.

In September, Employment in construction rose for the second consecutive month (25,000). Since October 2008, employment in construction has declined 6.7 per cent.

On October 20th, the Bank of Canada announced that it was leaving the overnight rate target unchanged at 0.25 per cent. The Bank noted that a recovery in economic activity was underway in Canada. The Bank also reiterated its commitment to leaving the target overnight rate at its current level until the end of the second quarter of 2010, conditional on the outlook for inflation. ■

Figure 2



Data are seasonally adjusted and annualized, and cover Canada's major markets
 Sources: CMHC, Canadian Real Estate Association (CREA), MLS

This Month's Housing Data (SAAR)

	2008	Q1:09	Q2:09	Q3:09	M7:09	M08:09	M09:09
Housing starts, units, 000s							
Canada. Total. All areas	211.1	139.4	128.1	147.8	137.8	155.4	149.3
Per cent change from previous period	-7.6	-24.6	-8.1	15.4	0.0	12.8	-3.9
Canada. Total. Rural areas	23.7	19.1	17.7	16.3	16.3	16.3	16.3
Per cent change from previous period	-31.5	-13.6	-7.3	-7.9	-7.9	0.0	0.0
Canada. Total. Urban areas	187.4	120.3	110.4	131.5	121.5	139.1	133.0
Per cent change from previous period	-3.3	-26.1	-8.2	19.1	1.2	14.5	-4.4
Canada. Single. Urban areas	74.4	47.4	49.5	62.0	57.4	59.0	69.2
Per cent change from previous period	-18.1	-29.1	4.4	25.3	8.1	2.8	17.3
Canada. Multiple. Urban areas	112.9	72.9	60.9	69.5	64.1	80.1	63.8
Per cent change from previous period	9.8	-24.0	16.5	14.1	-4.3	25.0	-20.3
Newfoundland. Total. All areas	3.3	3.4	2.8	3.0	3.3	2.8	2.8
Per cent change from previous period	23.1	-5.6	-17.6	7.1	13.8	-15.2	0.0
Prince Edward Island. Total. All areas	0.7	0.4	0.8	0.8	0.6	1.0	0.7
Per cent change from previous period	-5.1	-42.9	100.0	0.0	-40.0	66.7	-30.0
Nova Scotia. Total. All areas	4.0	3.7	2.7	3.9	3.2	4.0	4.5
Per cent change from previous period	-16.2	8.8	-27.0	44.4	18.5	25.0	12.5
New Brunswick. Total. All areas	4.3	3.3	3.7	3.4	3.8	3.5	2.9
Per cent change from previous period	0.8	-17.5	12.1	-8.1	15.2	-7.9	-17.1
Quebec. Total. All areas	47.9	41.3	39.1	45.6	46.6	48.9	41.3
Per cent change from previous period	-1.3	-13.4	-5.3	16.6	23.0	4.9	-15.5
Ontario. Total. All areas	75.1	54.3	42.6	45.1	39.8	45.2	50.2
Per cent change from previous period	10.2	-19.9	-21.5	5.9	-13.1	13.6	11.1
Manitoba. Total. All areas	5.5	3.4	4.1	4.8	4.4	5.5	4.4
Per cent change from previous period	-3.5	-41.4	20.6	17.1	-12.0	25.0	-20.0
Saskatchewan. Total. All areas	6.8	2.2	3.4	4.0	3.1	5.1	3.7
Per cent change from previous period	13.7	-58.5	54.5	17.6	-39.2	64.5	-27.5
Alberta. Total. All areas	29.2	13.4	16.1	20.7	19.3	20.1	22.6
Per cent change from previous period	-39.7	-38.8	20.1	28.6	-3.5	4.1	12.4
British Columbia. Total. All areas	34.3	14.0	12.8	16.5	13.7	19.3	16.2
Per cent change from previous period	-12.4	-43.3	-8.6	28.9	-2.8	40.9	-16.1

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Housing Data, continued (SAAR)*

	2008	Q1:09	Q2:09	Q3:09	M7:09	M08:09	M09:09
Canada. Total. Urban areas	187.4	120.3	110.4	131.5	121.5	139.1	133.0
Newfoundland. Total. Urban areas	2.2	2.4	2.0	1.9	2.2	1.7	1.7
Prince Edward Island. Total. Urban areas	0.5	0.2	0.6	0.7	0.5	0.9	0.6
Nova Scotia. Total. Urban areas	3.3	3.0	2.1	3.2	2.5	3.3	3.8
New Brunswick. Total. Urban areas	3.1	2.4	2.8	2.5	2.9	2.6	2.0
Quebec. Total. Urban areas	41.6	33.1	33.8	40.4	41.4	43.7	36.1
Ontario. Total. Urban areas	71.9	52.3	40.2	43.4	38.1	43.5	48.5
Manitoba. Total. Urban areas	3.8	2.3	2.6	3.3	2.9	4.0	2.9
Saskatchewan. Total. Urban areas	4.7	1.6	2.4	3.4	2.5	4.5	3.1
Alberta. Total. Urban areas	25.4	11.1	13.2	18.4	17.0	17.8	20.3
British Columbia. Total. Urban areas	30.9	11.9	10.7	14.3	11.5	17.1	14.0

* Thousands of units, quarterly and monthly data are seasonally adjusted and annualized

This Month's Major Housing Indicators

	2008	Q1:09	Q2:09	Q3:09	M7:09	M08:09	M09:09
New Housing							
New & unoccupied singles & semis, units 000s	7.6	8.9	8.4	6.8	7.5	6.6	6.2
Per cent change from same period previous year	26.2	29.4	14.8	-11.4	2.5	-13.2	-22.4
New & unoccupied row & apartments, units 000s	9.5	11.2	12.0	12.9	12.9	13.0	12.9
Per cent change from same period previous year	9.9	21.0	34.6	41.3	41.8	43.9	38.4
New House Price Index, 1997=100	158.2	155.4	153.5	n.a.	153.6	153.7	n.a.
Per cent change from same period previous year	3.4	-1.6	-3.1	n.a.	-3.2	-3.1	n.a.

Existing Housing

MLS® resales*, units 000s	434.5	347.3	457.4	511.8	512.0	507.8	515.5
Per cent change from same period previous year	-17.1	-27.7	-1.3	14.5	11.7	16.4	15.6
MLS® average resale price**, \$C 000s	303.6	285.5	307.0	328.8	323.6	328.8	333.8
Per cent change from same period previous year	-0.7	-9.3	-0.9	10.4	7.5	10.3	13.3

Mortgage Market

Posted 1-Year Mortgage Rate, % (period average)	6.70	4.83	3.85	3.73	3.75	3.75	3.70
Posted 5-Year Mortgage Rate, % (period average)	7.06	5.71	5.45	5.73	5.85	5.85	5.49

SOURCE: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Quarterly and monthly data are seasonally adjusted and annualized (SAAR).

** Annual data is actual. Monthly and quarterly data is seasonally adjusted.

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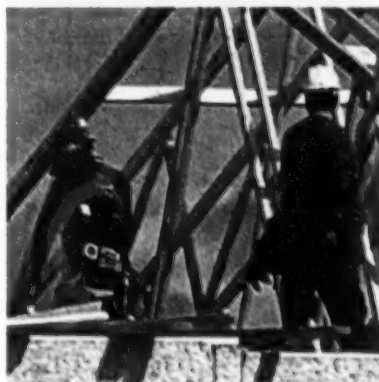
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